LB CONFECTIONERY SDN BHD

v.

QAF LTD;
PERBADANAN HARTA INTELEK MALAYSIA
(INTERESTED PARTY) & ANOTHER CASE

HIGH COURT MALAYA, KUALA LUMPUR
RAMLY ALI J
[ORIGINATING MOTIONS NOS: D5(IP) 25-7-2008
& 24-94-2008]
10 JULY 2008

TRADE MARKS: *Registered trade mark - Application for expungement and removal from Register of Trade Marks - Whether applicant aggrieved person - Definition of aggrieved person - Whether disputed trade mark used in good faith by registered proprietor or by registered user during relevant period of time - Use by registered user to be deemed as use by proprietor of disputed trade mark - Whether expungement application an abuse of court process - Expungement application a mere smokescreen to mask applicant's unlawful use of dispured trade mark - Whether court to remove disputed trade mark registration under provisions of Trade Marks Act 1976, s. 46*

TRADE MARKS: *Trade description - Trade description order - Application for - Application may be made on an ex parte basis even if identity of infringer is known - Subject matter involved perishable goods having short shelf life - Infringement causing damage on a daily basis - Necessity for urgent intervention and remedy - Trade Description Act 1976, s. 16*

QAF Ltd ('QAF Ltd') is a Singapore based multi-industry food company whilst Gardenia Bakeries (KL) Sdn Bhd ('Gardenia Bakeries') is incorporated in Malaysia. QAF Ltd is the registered proprietor of the trade mark "Squiggles". The registration of the trade mark was valid and subsisting at all material times. QAF Ltd and Gardenia Bakeries entered into a Licensing Agreement ('Licensing Agreement'), whereby QAF Ltd granted Gardenia Bakeries the right to use the trade marks on bread and bakery products produced using the Gardenia Bakery System. By way of a Certificate of Registration issued by the Registrar of Trade Marks, Malaysia, Gardenia Bakeries was registered as the Registered User of the Registered Trade Mark for the period 9 May 2001 to 31 March 2011. Gardenia Bakeries produced and sold a chocolate coated bun or roll with strawberry or chocolate malt cream filling under the registered trade mark "Squiggles". It was later discovered that LB (Lian Bee) Confectionery Sdn. Bhd. ('Lian Bee') was selling an infringing product to the public. Gardenia Bakeries then demanded Lian Bee to cease using the infringing mark and to cease manufacturing and selling the infringing product. Lian Bee on the other

A hand made an Expungement Application under s. 46 of the Trade Marks Act 1976 ('TMA') for an order that the Trade Mark Registration for "Squiggles" in the name of the QAF Ltd be expunged and removed from the Registrar of Trade Marks. QAF Ltd and Gardenia Bakeries on the other hand applied for a Trade Description Order ('TDO') under
B s. 16(1)(a) TMA in relation to the mark "Squiggle" used by Lian Bee.

Held (dismissing the Expungement Application with costs and allowing TDO Application with costs):

(1) The expungement application raised the following issues to be
C decided by the court: (i) whether the applicant (Lian Bee) was an 'aggrieved person' under s. 46 TMA and consequently whether the applicant had *locus standi* to bring about the application; (ii) whether there was 'use' in good faith of the Registered Trade Mark "SQUIGGLES" by the registered proprietor (QAF Ltd) or the
D registered user (Gardenia Bakeries) for a period up to one month before the date of the application for a continuous period of not less than three years under s. 46 TMA; and (iii) whether the expungement application was an abuse of court process. (para 23)

(2) It was not Lian Bee who was "an aggrieved person" by virtue of
E the existence of the registered mark, but QAF Ltd and Gardenia Bakeries in all senses for Lian Bee's *mala fide* use of the "Squiggle" mark to ride on the said goodwill and reputation. The present expungement application was but a smokescreen to mask Lian Bee's unlawful use of the Registered Trade Mark. (para 39)

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(3) Not anybody can be an "aggrieved person" for the purpose of s. 46 TMA. He must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trade
G mark. The interest and right must be legal or lawful. It does not apply to an infringer of the said registered trade mark. (para 41)

(4) The Registered Trade Mark had been registered with good intentions, to be used in relation to goods in the bread industry, particularly chocolate coated cream filling bun or roll. QAF Ltd had
H shown clear and undeniable evidence of use of the "Squiggles" trade mark on the Squiggles Bun. Where a licensee is registered as a 'registered user' his previous use will be deemed as use by the proprietor of the trade mark. (paras 50, 70 & 76)

(5) The owner of an unregistered trade mark's initiating of such
I application for expungement should be deemed as an abuse of process of the court. The proper forum for Lian Bee to pursue would be to defend the infringement suit against it rather than filing the separate application for expungement. (para 100)

(6) The subject matter was a bun, which is a perishable good having a short shelf life. Thus, as long as the infringing product was still in circulation or out in the market, it continually affected QAF Ltd and Gardenia Bakeries adversely. The infringement specifically continued to injure/damage them on a daily basis, with each delay causing more of the product to go to waste. This reason necessitated urgent intervention and/or remedy, which formed the bedrock of the need of the TDO Application. (para 124)

(7) A TDO application can still be obtained on an *ex parte* basis even if the identity of the infringer is known. (para 137)

Case(s) referred to:

British Petroleum Co Ltd. v. European Petroleum Distributors Ltd [1968] RPC 54 ***(refd)***

Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd [2000] 8 CLJ 85 HC ***(refd)***

E-Toyo Global Stationery Sdn Bhd v. Toyo Ink Sdn Bhd & Anor [2004] 7 CLJ 368 HC ***(refd)***

Hu Kim Ai & Anor v. Liew Yew Thoong [2004] 5 CLJ 515 HC ***(refd)***

Hussain Khamis v. Aishah Arof [1996] 2 BLJ 351 HC ***(refd)***

Jasa Keramat Sdn Bhd v. Monatech (M) Sdn Bhd [1999] 4 CLJ 533 CA ***(refd)***

Lam Soon (M) Bhd v. Forward Supreme Sdn Bhd & Ors [2001] 4 CLJ 673 HC ***(refd)***

McLaren International Ltd v. Lim Yat Meen [2008] 1 CLJ 613 CA ***(refd)***

Rainforest Coffee Products Pte Ltd v. Rainforest Café, Inc [2002] 2 SLR 549 ***(refd)***

Socooil Corporation Bhd v. Ng Foo Chong & Anor [1980] 1 LNS 170 FC ***(refd)***

Tan Hap & Anor v. Liang Ann Hock [1989] 2 CLJ 500; [1989] 2 CLJ (Rep) 552 HC ***(refd)***

Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd [1997] 1 CLJ (Supp) 52 HC ***(refd)***

Legislation referred to:

Rules of the High Court 1980, O. 15 r. 6(2)(b)(ii)
Trade Descriptions Act 1972, s. 16(1)(a)
Trade Marks Act 1976, ss. 20, 45, 46(1)(a), (b), 48(1), (2)(e), (5)
Trade Marks Regulations 1997, reg. 81

Trade Marks Act 1938 [UK], s. 28

Other source(s) referred to:

Lionel Bentley & Brad Sherman, *Intellectual Property Law*, 2nd edn, pp 888 – 889

For QAF Ltd & Gardenia Bakeries - SM Lim (YJ Ong with him); M/s Raja, Darryl & Loh
For Lian Bee - CL Foong; M/s Lee, Hishammuddin Allen & Gledhill

Reported by Amutha Suppayah

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JUDGMENT

Ramly Ali J:

[1] These grounds of judgment are in relation to three applications, namely – encls. 1 and 5 of D5 (IP) 24-94-08; and encl. 1 of D5 (IP) 25-7-08. All these three applications are heard together, as the subject matter ("Squiggles" trade mark) in all the applications is the same.

[2] Enclosure 1 of D5 (IP) 24-94-08 is an application by the applicants (QAF Limited and Gardenia Bakeries (KL) Sdn. Bhd.) for a trade description order under s. 16(1)(a) of the Trade Descriptions Act 1972 in relation to the mark "Squiggles" (TDO Application).

[3] Enclosures 5 of D5(IP) 24-94-08 is an application by the proposed intervener (LB [Lian Bee] Confectionery Sdn. Bhd.) for leave to be allowed to intervene in the present proceedings under O. 15 r. 6(2)(b)(ii) of the Rules of the High Court 1980 (RHC). (intervener's application).

[4] Enclosure 1 of D5 (IP) 25-7-08 is an application by LB (Lian Bee) Confectionery Sdn. Bhd. pursuant to ss. 45 and 46 of the Trade Marks Act 1976 for an order that the Trade Mark Registration No: 01005742 for "Squiggles" in Class 30 in the name of QAF Limited be expunged and removed from the Register of Trade Marks Malaysia (expungement application).

Factual Background

[5] QAF Limited is a company publicly incorporated in Singapore (QAF Ltd.); while Gardenia Bakeries (KL) Sdn. Bhd. incorporated in Malaysia (Gardenia Bakeries).

[6] QAF Ltd is a multi-industry food company which is listed on the main board of the Singapore Exchange, ranked no. 39 in the third Singapore International 100 Ranking 2007 and one of Singapore's top 100 globalised companies; with its core businesses in food manufacturing and bakery, distributing *inter alia* packaged loaf bread, pastries and bakery products in the Asia Pacific Region; and since the 1970's, it has become one of the largest food importers and distributors in Singapore and Malaysia.

[7] Gardenia Bakeries, on the other hand is a market leader in the manufacture of *inter alia* bakery products with a history dating back to 1969; with one of the largest bakeries in Malaysia with multiple lines capable of producing around 500 million loaves and buns per annum; and has been producing bakery products under the Gardenia brand since 1986, winning numerous awards and recognitions both from consumer market and industry players.

Registered Trade Mark "Squiggles"

[8] QAF Ltd is the registered proprietor of a list of trade marks.

[9] Specifically, QAF Ltd. is the registered proprietor of the trade mark "Squiggles" under Trade Mark Registration No. 01005742. This was gazetted on 22 April 2004. The registration is valid and subsisting at all material times.

[10] The trade mark "Squiggles" was inspired by the squiggly decorative icing on the chocolate coating of the bun. The squiggly decorative icing is applied on the chocolate coating of the bun to enhance the visual attractiveness and uniqueness of the bun and it does not in a material way affect the taste of the Bun.

Licensing Agreement Between QAF Ltd And Gardenia Bakeries

[11] QAF Ltd and Gardenia Bakeries entered into a licensing agreement dated 12 September 1996 ("licensing agreement"), whereby QAF Ltd granted Gardenia Bakeries the right to *inter alia*:

(a) operate bakery plants using the Gardenia Bakery System;

(b) QAF Ltd's use trade marks on bread and bakery products produced using the Gardenia Bakery System. This includes the registered trade mark "Squiggles", and produce, sell and distribute the products.

Gardenia Bakeries As Registered User

[12] By way of a certificate of registration issued by the Registrar of Trade Marks, Malaysia, Gardenia Bakeries was registered as the Registered User of the Registered Trade Mark for the period 9 May 2001 to 31 March 2011. As a registered user, the use of the Registered Trade Mark by Gardenia Bakeries shall be deemed to be use by the registered proprietor (QAF Ltd) to the same extent as the use of the trade mark by the registered user, and shall be deemed not to be use by any other person.

[13] Gardenia Bakeries has been producing, marketing, distributing and selling a chocolate coated bun or roll with strawberry or chocolate malt cream filling under the registered trade mark "Squiggles" since 2003 ("Squiggles bun"). Much time and money has been expended on research and development of the Squiggles bun; and through extensive marketing, intense advertising and maintenance of good quality, Gardenia Bakeries has acquired substantial goodwill and reputation in Malaysia, making the registered trade mark "Squiggles" distinctive of Gardenia Bakeries's products in the eyes of the public.

A **Infringing Products**

[14] It has recently been discovered that dark and white chocolate coated buns or rolls with strawberry cream filling not originating or manufactured by Gardenia Bakeries ("infringing product") are being *inter alia* manufactured, distributed, sold, offered in the Malaysian market. The infringing product bears a mark with the word "Squiggle". Gardenia Bakeries has caused to be purchased samples of this infringing product.

[15] Gardenia Bakeries has around February 2008 discovered that one LB (Lian Bee) Confectionery Sdn. Bhd. ("Lian Bee") was selling or offering the infringing product to the public.

[16] Gardenia Bakeries instructed its solicitors to issue a letter dated 3 March 2008 demanding Lian Bee *inter alia* to cease using the infringing mark, cease manufacturing/distributing the infringing product, deliver and destroy existing stock of infringing product, publish an apology and pay compensation.

[17] Lian Bee has failed to comply with Gardenia Bakeries's demand and responded by way of a letter dated 13 March 2008 by its solicitor. The infringing product bearing the infringing mark is still sold or offered for sale to the public to-date.

Expungement Application

[18] The expungement application by Lian Bee is for an order that:

(a) Trade Mark Registration No. 01005742 for "Squiggles" in Class 30 for in the name of the QAF Ltd be expunged and removed from the Registrar of Trade Marks, Malaysia; and

(b) sealed copy of the Expunge Order be served on Registrar of Trade Marks and Patents and for the Registered Trade Mark to be expunged and such fact be published in the Gazette.

[19] It is unclear whether the expungement application is made under s. 45 or 46 of the Trade Marks Act 1976 ("TMA"). Although the intitulment to the originating motion refers to both sections, the grounds in the application would support an application under s. 46 and not 45. Therefore, this expungement application will be treated as an application under s. 46 of the TMA. Section 46(1)(a) & (b) of the TMA provide as follows:

> 46. Provisions as to non-use of trade mark
>
> (1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground:

(a) that the trade mark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under subsection (1) of section 26, on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application; or

(b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

[20] In order for this expungement application to succeed under s. 46 of the TMA, the applicant (Lian Bee) must prove the following:

(a) the applicant (Lian Bee) is an "aggrieved person"; and

(b) the applicant's grounds for this application must either be that:

(i) the Trade Mark was registered by QAF without intention in good faith, to use the trade mark in relation to goods or services and that there has in fact been no use in good faith of the trade mark in relation to goods or services by registered proprietor or registered user for time being up to date of one month before date of this application; or

(ii) up to one month before date of application, a period of not less than three years lapsed during which there was no use in good faith of the trade mark in relation to goods by registered proprietor or registered user. Thus, if the applicant (Lian Bee) fails to satisfy either of the grounds above, this application would be dismissed.

[21] Additionally, this court may also refuse this application if it can be proven that the trade mark is used in good faith by the registered proprietor for the time being in relation to goods of same description of which trade mark is registered, with the exception of where the applicant is permitted under s. 20 of TMA (concurrent use), or if court is of the opinion that the applicant may properly be permitted to register the trade mark.

[22] The grounds in support of this expungement application can briefly be summarized as follows:

(a) that up to one month before the date of this application a continuous period of not less than three years had elapsed during which Trade Mark No. 01005742 for "SQUIGGLES" in Class 30 was a registered trade mark and during which there was no use in good faith of Trade Mark Registration No. 01005742 in relation to bread, buns, pastry, bread rolls, confectionery, biscuits and cakes by the respondent; and

(b) that the applicant (Lian Bee) is an "aggrieved person".

Issues To Be Decided For The Expungement Application

[23] The expungement application raises the following issues to be decided by this court:

(a) whether the applicant (Lian Bee) is an 'aggrieved person' under s. 46 of the Trade Marks Act 1976 ("TMA") and consequently whether the applicant (Lian Bee) has *locus standi* to bring about the application;

(b) whether there was 'use' in good faith of the Registered Trade Mark "SQUIGGLES" by the registered proprietor (QAF Ltd) or the registered user (Gardenia Bakeries) for a period up to one month before the date of this application for a continuous period of not less than three years under s. 46 TMA, specifically:

(i) whether Gardenia Bakeries was a 'registered user' within the context of ss. 48 and 46 TMA, and whether there was 'use' of the Registered Trade Mark by the 'registered user', Gardenia Bakeries; or alternatively

(ii) even if Gardenia Bakeries is not a 'registered user', whether QAF Ltd. as the registered proprietor of the mark can rely upon use by an unregistered license (Gardenia Bakeries) to ensure that the mark is not revoked for non-use under the s. 46 TMA.

(c) whether this expungement application is an abuse of court process.

Whether Lian Bee Is An "Aggrieved Person" Under Section 46 TMA And Has *Locus Standi* To Initiate This Application

[24] Lian Bee contends that it is an "aggrieved person" under s. 46 TMA and thus has *locus standi* to initiate this application. On the other hand, QAF Ltd. and Gardenia Bakeries contend that Lian Bee is not an "aggrieved person" under s. 46 TMA, and thus has no *locus standi* to initiate this application.

[25] Section 46(1) TMA clearly provides that expungement application must be made by "a person aggrieved" or in other word "an aggrieved person". Past case laws on who is an "aggrieved person" were split between a liberal and restrictive approach. Having considered these cases, the Court of Appeal in *McLaren International Ltd. v. Lim Yat Meen* [2007] 7 MLJ 581 CA held:

> From the above prognosis, surely the best approach to arrive at a correct decision whether an applicant is an aggrieved person is by bringing all the available evidence to bear before the judge, rather than debating whether the terminology of "an aggrieved person" should be given a wide or restricted interpretation. By this method, irrespective of the scope of the two words, the learned judge will be able to arrive at a more meaningful decision.

[26] On that basis, this court will consider the following undisputed facts and evidence gathered from the affidavits in relation to this application, and to determine the issue at hand.

[27] QAF Ltd is a public listed company in Singapore, which has been in existence since 1950s, with core business in food manufacturing and bakery. By 1970s, QAF Ltd had became one of the largest food importers and distributors in Singapore and Malaysia. In 1985, QAF Ltd entered into bakery business and in 1986 it had expanded its bakery operations into Malaysia. The operation now is the largest in South East Asia.

[28] QAF Ltd applied for registration of "Squiggles" trade mark in Malaysia on 9 May 2001. Certificate for registration was issued on 20 August 2004.

[29] "Squiggles" bun bearing "Squiggles" mark was launched and introduced into the market from about 3 July 2003. About RM2.1 million was spent in two years *viz* "Squiggles" mark and buns in respect of the promotion, advertisements and branding exercise. A further RM100,000 was spent for R&D and investment into the "Squiggles" mark.

[30] Annual sales of the products bearing the "Squiggles" mark from 2003 to 2007 is about RM50 million. The products can be found at various outlets in Malaysia including hypermarkets, supermarkets, mini markets, medical halls, convenience stores, small retail outlets and stalls at morning and night markets.

[31] Gardenia Bakeries with history as a baker dates back to 1969, is one of the largest bakeries in Malaysia producing about 500 million loaves and buns per annum. It rolled out the first loaf of bread in 1986. Within four years, it has become market leader. Now it produces 23 varieties of bakery products.

[32] Gardenia Bakeries had achieved numerous awards and recognitions from consumer and industry players in Malaysia.

[33] Gardenia Bakeries has been a common law proprietor of "Squiggles" mark since 2003 when sales of "Squiggles" buns commenced. It became "registered user" for the same mark for the period effective from 9 May 2001 to 31 March 2011.

[34] Lian Bee, on the other hand was incorporated in Malaysia on 8 February 1992. Since then, it has been engaged in manufacturing, producing, dealing in all kinds of cakes, biscuits, bread, sweets, buns and other food stuff and products. There are numerous branches in Kuala Lumpur, Klang, Shah Alam, Cheras, Petaling Jaya, Puchong, Seremban and Tanjung Malim. Majority of the branches were incorporated between 2001 and 2007.

[35] Lian Bee claims to be a common law proprietor of "Squiggle" mark since November 2007 when sales of its "Squiggle" buns commenced. The sales of the products is about RM39,000 from November 2007 to February 2008. The products are being sold in stores and retail outlets.

[36] It must stressed here that Lian Bee has not attempted to apply to register the "Squiggle" mark for its products at all material times.

[37] Lian Bee relies on the allegation that it is a common law owner of the trade mark "Squiggle" for having used the said mark since November 2007. On the other hand, if the issue of common law owner of the trade mark is to be considered, it is clear that Gardenia Bakeries, who had been using the mark "Squiggles" since 2003, (earlier than Lian Bee's use of its mark "Squiggle") stands a better chance to be the common law owner of the mark.

[38] Based on the facts of this case, Lian Bee seeks to unlawfully ride on the goodwill and reputation of the QAF Ltd.'s "Squiggles" trade mark and buns and the goodwill and reputation of QAF Ltd and Gardenia Bakeries tirelessly and carefully carved out over the years. Lian Bee cannot and does not deny that QAF Ltd.'s "Squiggles" trade mark came before or earlier than its "Squiggle" mark, or that QAF Ltd and Gardenia Bakeries have spent a lot of time and money to research and build a reputation on the buns and mark.

[39] The court is more inclined to say that it is not Lian Bee who is "an aggrieved person" by virtue of the existence of the registered mark, but QAF Ltd and Gardenia Bakeries in all senses for Lian Bee's *mala fide* use of the "Squiggle" mark to ride on the said goodwill and reputation. The present Expungement Application is but a smokescreen to mask Lian Bee's unlawful use of the Registered Trade Mark.

[40] Lian Bee has not shown how it would be substantially damaged if the Registered Trade Mark remains; and how it is prejudiced by the entry of the Registered Trade Mark.

[41] Lian Bee's contention of being the common law owner and proprietor of the mark "Squiggle" is misconceived. The court is satisfied that, that mark is in itself an infringement of the Registered Trade Mark and a passing off on the goodwill and reputation associated with it. Not anybody can be an "aggrieved person" for the purpose of s. 46 TMA. He must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered trade mark. The interest and right must be legal or lawful. It does not apply to an infringer of the said registered trade mark.

[42] To hold that Lian Bee is "an aggrieved person" in the light of the above facts and evidence is clearly repugnant of one of the main purposes of TMA which is to protect *bona fide* users of marks and keep out *mala fide* users. Lian Bee would fall squarely under the latter and it would be unjust to accord it an "aggrieved person" status under the Act.

[43] On the basis of the above self-serving ascertain, the court finds that the expungement application must fail as Lian Bee (as the applicant) has not shown that it is an aggrieved person and thus has no *locus standi* to initiate this application.

Whether The Trade Mark Was Registered With Good Intention To Be Used In Relation To The Goods

[44] Even assuming Lian Bee is an "aggrieved person" under s. 46(1) TMA, the court shall now consider the next requirement under s. 46(1)(a) TMA ie, that the trade mark was not registered with good intention to be used in relation to the goods by either the registered proprietor (QAF Ltd.) or registered user (Gardenia Bakeries). If the trade mark was registered without an intention in good faith (on the part of the applicant for registration) to use the mark in relation to the related goods and that there has in fact been no use in good faith of the trade mark in relation to those goods by the registered proprietor or registered user for the time being up to the date one month before the date of the application for registration, then that could be one of the grounds to expunge or remove the mark from the register.

[45] In the present case, QAF Ltd. owns substantial interest in Gardenia Bakeries. Exhibit R-1 of affidavit R1 are documents showing that QAF Ltd wholly owns a company known as Gardenia International

(S) Pte Ltd ("GI"). GI in turn owns 70% shareholding in Gardenia Bakeries. Thus, QAF Ltd owns 70% of beneficial interest in Gardenia Bakeries.

[46] By way of a licensing agreement, QAF Ltd granted exclusive rights for Gardenia Bakeries to *inter alia* operate bakery plants in West Malaysia using its Gardenia Bakery System fully owned by QAF Ltd. Under the said agreement, Gardenia Bakeries is also authorized to use trade marks that are owned or acquired by the QAF Ltd on bread and bakery products manufactured utilizing the Gardenia Bakery System. These rights also include the right to produce, sell and distribute bread and bakery products bearing trade marks that are owned or acquired by QAF Ltd.

[47] As the Registered Trade Mark is one of the trade marks owned by QAF Ltd, Gardenia Bakeries acquired the rights to use the Registered Trade Mark as provided by the licensing agreement.

[48] QAF Ltd. has additionally applied to the Registrar of Trade Marks to register Gardenia Bakeries as the registered user of the Registered Trade Mark. The registration has been approved with an effective date of 9 May 2001 until 31 March 2011. Thus, at all material times Gardenia Bakeries is a Registered User of the Registered Trade Mark.

[49] Indeed, both QAF Ltd. and Gardenia Bakeries have spent significant amount of expenses and resources to expand, and establish the Registered Trade Mark in Malaysia.

[50] The Registered Trade Mark had indeed been registered with good intentions, to be used in relation to goods in the bread industry, particularly chocolate coated cream filling bun or roll. The Registered Trade Mark was registered to be used in Class 30 ie, on *inter alia* "bread, buns, pastry, bread rolls, confectionery, biscuits and cakes" ("goods in the bread industry"). QAF Ltd is a company specializing in and is a major player in relation to goods in the bread industry. Gardenia Bakeries is also a company specializing in and is a major player in relation to goods in the bread industry.

[51] The licensing agreement was *inter alia* for Gardenia Bakeries to adopt and use the bakery system of QAF Ltd in relation to goods in the bread industry, including the use of its trade marks in connection thereto. Pursuant to that, Gardenia Bakeries had in fact extensively used the Registered Trade Mark in Malaysia on goods in the bread industry.

[52] For the above reasons, there is no ground that can substantiate any allegation by Lian Bee that the Registered Trade Mark was registered without good intention to be used in relation to goods by QAF Ltd or Gardenia Bakeries.

Whether Gardenia Bakeries Is A 'Registered User' Under Sections 46 And 48 TMA

[53] Section 46(1)(a) and (b) TMA mention about 'use in good faith' of the trade mark in relation to the goods by the registered proprietor or "registered user" of the trade mark for the time being.

[54] "Registered user" is governed by s. 48 TMA. Section 48(1) provides:

> (1) Subject to the provisions of this section, where the registered proprietor of a trade mark grants, by lawful contract, a right to any person to use the trade mark for all or any of the goods or services in respect of which the trade mark is registered, that person may be entered on the Register as a registered user of the said trade mark whether with or without any conditions or restrictions, provided that it shall be a condition of any such registration that the registered proprietor shall retain and exercise control over the use of the trade mark and over the quality of the goods or services provided by the registered user in connection with that trade mark.

[55] In order to succeed in the expungement application, Lian Bee must also establish that there has been no *bona fide* use of the Registered Trade Mark by either the proprietor (QAF Ltd) or registered user (Gardenia Bakeries) as required under either s. 46(1)(a) or (b) TMA.

[56] In this case, by virtue of application no. 01005742 dated 8 April 2008, QAF Ltd has applied for Gardenia Bakeries to be recorded as a "registered user" of the "Squiggles" trade mark. The registration as "registered user" was allowed with effect from 9 May 2001 until 31 March 2011.

[57] In making such an application, s. 48(2) TMA mandates that QAF Ltd "shall" provide the following information to the Registrar of Trade Mark:

(a) the representation of the Registered Trade Mark;

(b) the names, addresses, and addresses for service of the parties;

(c) the goods or services in respect of which the registration is proposed;

(d) any conditions or restrictions proposed with respect to the characteristics of the goods or services, to the mode or place of permitted use to any other matter; and

(e) whether the permitted use is to be for a period or without limit of period, and if for a period, the duration of that period.

[58] All application for 'registered user' is made in Form TM 23 TMA. In that form, the applicant (QAF Ltd) is to indicate the effective or permitted date of the intended user's period of usage of the registered mark.

[59] As a result of the information provided, including the duration or period of use, the registered user record marks the following information:

> … maklumat Pengguna Berdaftar telah direkodkan seperti berikut:
>
> | | |
> |---|---|
> | Nama: | Gardenia Bakeries |
> | Alamat: | Lot 3, Jalan Pelabur 23/1
40300 SHAH ALAM
Selangor Darul Ehsan
Malaysia |
> | Senarai Barangan: | Seperti yang telah didaftarkan dalam Kelas 30. |
> | Tempoh Penggunaan: | Sehingga 31.03.2011 |
> | Tempoh Kuatkuasa: | 09.05.2001 |

At present, there is no dispute that Gardenia Bakeries has been accorded the status of a 'registered user' under the TMA.

[60] The above record certifies that Gardenia Bakeries's period of use as a 'registered user' is to take effect backdated from 9 May 2001 (being the date the "Squiggles" Trade Mark was registered by QAF Ltd. to 31 March 2011 (being the year the mark expires).

[61] In turn, that same period of use is also imputed on QAF Ltd. as the proprietor by virtue of s. 48(5) TMA which provides:

> Where a person has been registered as a registered user of a trade mark, the use of that trade mark by the registered user within the limits of his registration shall be deemed to be use by the registered proprietor of the trade mark to the same extent as the use of the trade mark by the registered user and shall be deemed not to be use by any other person.

[62] In the final analysis, the law recognises that Gardenia Bakeries permitted use of the "Squiggles" trade mark within 9 May 2001 to 31 March 2011 shall also be deemed to be use by the registered proprietor of the mark ie, QAF Ltd within the same period.

[63] A perusal of case laws also suggests that it is not uncommon for the effective period of 'use' for the registered user to pre-date the actual application date. This can be seen from the following two cases.

[64] In *E-Toyo Global Stationery Sdn. Bhd. v. Toyo Ink Sdn. Bhd. & Anor* [2004] 7 CLJ 368, this court had earlier decided that:

> … Since 25 July 2002, the 2nd respondent became a Registered User and has the licence or was authorized to 'use' the TOYO' mark on stationery goods by way of a Registered User Agreement which was duly registered on the Trade Marks Register on 11 October 2002 …
>
> … Since 3 March 2004, a third party, Toyo Stationery Corporation (M) Sdn. Bhd. (not a party to this action) became a Registered User and has the license or was authorised to 'use' the TOYO' mark on stationery goods by way of a Novation Cum Registered User Agreement, which was duly registered on the Trade Marks Register on 23 March 2004 …

[65] In that case (*E-Toyo Global Stationery*) although acknowledging that the 2nd respondent in that case was registered as registered user on 11 October 2002, the court found that it became a registered user since 25 July 2002, which is a date earlier than the registration date; and the court found that the third party in that case was registered as registered user on 23 March 2004 but became a registered user since 3 March 2004, which is also a date earlier than the registration date.

[66] In *Lam Soon (M) Bhd v. Forward Supreme Sdn Bhd & Ors* [2001] 6 MLJ 651, the court held that:

> … By virtue of a registered user agreement dated 26 October 2000, Whang Tar Choung granted an exclusive licence to the first Defendant to use the "Big Knife Brand" registered as trade mark No M/23682. This agreement was filed with the Registry of Trade Marks on 30 October 2000, and a confirmatory letter to that effect was issued by the said Registry on 15 November 2000 in the form of 'Pendaftaran Pengguna Berdaftar Cap Dagangan' (ie Registration of Registered User of Trade Marks) which was endorsed 'tanpa had tempoh' (without limitation of time, ie, indefinitely) para 7 … … Having perused para thereof, it is my specific finding that the first Defendant was entitled to use trade mark No. M/23682 since 26 October 2000 under licence from Whang Tar Choung …

[67] In the above case (*Lam Soon (M) Bhd*), the application for registered user was made on 30 October 2000. The certificate issued was dated 15 November 2000. However, the judge specifically found that the entitlement to use the registered trade mark as a registered user ran from 26 October 2000 (being the date of the registered user agreement) which is a date earlier than the application date and date of issuance of the certificate.

[68] The law clearly recognises that the effective period of use of a mark by a registered user may pre-date the date of application.

[69] This expungement application is grounded on the purported basis of non-use "up to one month before the date of the application for a continuous period of not less than three years" by the "registered proprietor or the registered user" under s. 46(1)(b) TMA.

[70] Contrary to Lian Bee's allegation of non-use, QAF Ltd has shown clear and undeniable evidence of use of the "Squiggles" trade mark on the Squiggles Bun *viz*:

(a) the production, marketing, distribution and sale of the bun bearing the mark by Gardenia Bakeries since 2003;

(b) the spending of substantial sums of money and effort in promoting the Squiggles Bun through broadcast advertisements (RM873,225.12, not including money expended in producing the advertisements), other advertising and promotional activities (RM1,296,504.29), branding exercises, product samplings and product sponsorships;

(c) the sale and distribution of the Squiggles Bun to various outlets in the whole of Peninsular Malaysia since 2003; and

(d) annual sales turnover of the Squiggles Bun from 2003 to 2007 totaling nearly RM50 million.

[71] This evidence is not challenged by Lian Bee save for their bare denial and bare statement of no knowledge. In the face of overwhelming evidence of use of the "Squiggles" trade mark for a period dating back to at least 2003 (five years), this expungement application for non-use for a period of three years up to one month before this application was filed, must fail.

[72] Although the direct use was by Gardenia Bakeries, and not QAF Ltd., s. 46(1)(b) TMA permits the use by the 'registered user' of which Gardenia Bakeries is. Gardenia Bakeries's status as a 'registered user' is certified to take effect from 9 May 2001. So at all material times of actual usage of the mark (ie, from 2003 onwards), Gardenia Bakeries is

legally recognized as a 'registered user' of the mark. Expungement under s. 46(1)(b) TMA cannot succeed as there was at all material times legal and proper use of the mark as envisaged under that section. A

[73] Lian Bee makes reference to reg. 81 of the Trade Mark Regulations 1997 and argues that by that regulation the registered user is deemed so registered only on the date of the application. B

[74] The court is of the view that, the said reg. 81 is a "deeming provision" which is subject to the express terms of the registration stated in the registration itself. It is merely an administrative and formality aspect of the registration. It does not take away the substantive aspect of the registration. In the context of the present case, that substantive aspect is that, amongst others, the period of usage in relation to the registered user shall back date to 9 May 2001 and end on 31 March 2011 as expressly stated in the registration. C

[75] Any other interpretation of the said regulation would make a mockery of the provisions "tempoh penggunaan" and "tempoh kuatkuasa" in a certificate of registered user as we have seen above, indeed s. 48(2)(e) TMA empowers the Registrar to decide on the period and duration of the registration. D

[76] The court is of the view that where a licensee is registered as a 'registered user' his previous use will be deemed as use by the proprietor of the trade mark. This is in line with recent trend which suggests "use" in the context of "a real commercial use", and suggests a liberalisation to the approach in licensing in general (see the example the abolishment of the registered-user requirement in the new English Trade Marks Act (ETMA) 1994. Under the new ETMA, use by a licensee (sans registration) is sufficient to ensure that a mark is not revoked for non-use). E F

[77] Learned authors Lionel Bentley and Brad Sherman in *"Intellectual Property Law"* (2nd edn) (at pp. 888-889) recognise the reality that not all trade mark owners knew about or would want to comply with the requirement of submitting the registered-user agreements to and be approved by the Trade Marks Registry as a pre-requisite to the registration of a registered user. G H

[78] Section 48(5) TMA must be applied purposely and meaningfully, and must meet commercial realities and objectives. To say all aspects of a 'registered user' status, including the recognised period of use, takes effect only on the date of registration of the user status, does not meet those purpose, realities and objectives. Indeed, such an interpretation I

which Lian Bee suggests makes nonsense of the licensing agreement between the proprietor (QAF Ltd) and the intended user/licensee (Gardenia Bakeries), which would inevitably stipulate a 'usage' period that does not coincide with the date of registration of the intended user/licensee. Section 48(1) TMA clearly recognises the pre-existence of the licensing agreement between the proprietor and the intended user by virtue of the opening words: "where the registered proprietor of a trade mark grants, by lawful contract, a right to any person to use the trade mark …"

[79] It is accepted that the registration of user takes into account all conditions and limitations of the licensing agreement, which include the period of use (see s. 48(2)(e) TMA). If that be the case, there cannot be a conclusion that the period of use is restricted to commence only from the date of registration. This would effectively gloss over the terms of the licensing agreement on the period of usage, and makes a mockery of s. 48(2)(e) TMA.

Use By Non-Registered User

[80] Section 46(1) TMA mentions about 'use in good faith of the trade mark by the registered proprietor or registered user'. In the present case, even assuming Gardenia Bakeries is not a 'registered user' of the trade mark, can *bona fide* usage of the trade mark by Gardenia Bakeries be deemed as usage by QAF Ltd.?

[81] For this, the court relies on the Court of Appeal case of *McLaren International Ltd v. Lim Yat Meen* (*supra*) which surmises that activities showing use of trade mark by an entity other than the owner of the registered trade mark, if supported by evidence showing that such activities were contractually lawful, amounted to use and attributed to the owner of such registered trade mark. Indeed, the factual scenario in that case (*McLaren International Ltd*) closely resembles the case at hand whereby the Respondent there was the registered owner of a trade mark facing a similar application to expunge its trade mark for non-use.

[82] Quite similar to the present case, the respondent in that case contracted manufacturing rights of its mark to two other separate entities. These two were not registered as registered user of the mark. In other words, the respondent had assigned the right to use the trade mark to two other entities without registering them as users. The Court of Appeal nevertheless held that failure to enter the aforesaid two entities as registered users would not avoid the lawful contract granted to them by the respondent in that case to use the trade mark. Pertinently, evidence of the contractual activities amounted to use and attributed to the respondent in that case.

[83] In coming to its decision in that case, the Court of Appeal had compared s. 48 of TMA (dealing with registered users) with s. 28 of the English Trade Marks Act 1938 ("ETMA") and held that the spirit and contents of the two provisions are similar by analogy in relation to registration of a user. Specifically, they note that the usage of the word 'may' as used in the phrase 'may be entered on the register as a registered user' in s. 48 of TMA is permissive rather than mandatory.

[84] In support thereto, the Court of Appeal considered the English authorities of Bostitch Trade Mark (1963) RPC 183 and *British Petroleum Co Ltd. v. European Petroleum Distributors Ltd* [1968] RPC 54 and the Singaporean case of *Rainforest Coffee Products Ltd. v. Rainforest Café, Inc* [2000] 2 SLR 549 which all held that the word 'may' used in permissive rather than mandatory.

[85] It is an established common law position in England since the 1930s that use of a mark by a subsidiary of a controlling company, was deemed use by the controlling company. Even with the advent of s. 28 of the English Trade Marks Act 1938 ("ETMA") which permitted the registration of a user, the proprietor of a mark can rely upon use by an unregistered licensee to ensure that the mark was not revoked for non-use.

[86] Section 28 ETMA is not in exact *pari materia* with s. 48 TMA, "… but by analogy the spirit and contents are similar with them relating to registration of a user which permitted the registration of licensees who used the mark." (see *McLaren International Ltd. v. Lim Yat Meen* [2007] 7 MLJ at p. 592.)

[87] The authoritative views of Lionel Bentley and Brad Sherman in *"Intellectual Property Law"* (2nd edn) at pp. 888 – 889 are instructive in this respect:

> In *Radiation Trade Mark* (1930) 47 RPC 37, the Comptroller-General held that use by subsidiaries in a group of companies was use which could be ascribed to the controlling company. In *Bostich Trade Mark* [1963] RPC 183, 195, Lloyd Jacob J took the view that because the registered user provision was permissive, not mandatory, there was nothing 'to justify the view that an arrangement between a registered proprietor of a trade mark and a party concerned to use such mark requires to be registered, still less that in the absence of registration, its affect upon the validity of the mark, if called in question, will be in any way different". Although non-use was not an issue in that case, it seems clear that the quality control exercised by the proprietors was such that use by the unregistered licensee would have been sufficient to justify maintenance of the registration.

> In *Trooper Trade Mark* [1994] RPC 26, 31, Mr Harkness interpreted Bostich as indicating that 'registration of a user is not necessary provided that the arrangements between the parties are such that registration could be effected if the parties so wished.

[88] The *Bostich* case (*supra*) found favour closer to home in the Court of Appeal of both Malaysia and Singapore. In Singapore, the Court of Appeal accepted the *ratio* in *Bostich* (*supra*) namely that the registered user provisions are merely permissive, and that the failure to register a license (of use) did not destroy the validity of the trade mark that was registered, if adequate quality control could be shown (see *Rainforest Coffee Products Pte Ltd v. Rainforest Café, Inc* [2002] 2 SLR 549 at p. 568).

[89] In Malaysia, the Court of Appeal did not go so far as to suggest that quality control needs to be shown although such a condition is encoded in s. 48(1) TMA which provides:

> … that is shall be condition of any such registration that the registered proprietor shall retain an exercise control over the use of the mark and over the quality of the goods or services provided by the registered user in connection with that trade mark.

[90] However, the Malaysian Court of Appeal too concurred and accepted the *ratio* in *Bostich* case (*supra*) that the registered user provisions are merely permissive, and that the failure to register a license (of use) did not destroy the validity of the contract between the registered proprietor of a mark and the two licensees in that case who were granted lawful contracts of the right to use the trade mark by the proprietor.

[91] More importantly and relevant to the present case, was the Court of Appeal's finding that the contractual activities between the registered proprietor of the mark and its two licensees "amounted to use and attributed to the (registered proprietor of the mark)", in spite of the fact that the two licensees were not registered users in the context of s. 48 TMA.

[92] In the present case, the validity and existence of the Licensing Agreement between QAF Ltd. and Gardenia Bakeries is not in dispute. This agreement is collaborated by evidence of the packaging of the "Squiggles" bun which bears the name of Gardenia Bakeries. This fact was indeed admitted by Lian Bee in their affidavits.

[93] The contractual activities between QAF Ltd and Gardenia Bakeries are not refuted and undeniable. Accordingly, as a matter of law these activities must amount to use and attributed to QAF Ltd, even if Gardenia Bakeries was not the "registered user" in the context of s. 48 TMA.

[94] Further, there is no allegation that QAF Ltd has not exercised quality control over the use of the "Squiggles" trade mark. Indeed, the converse is true. Gardenia Bakeries as a licensee of all of QAF Ltd's marks by virtue of the licensing agreement, has received many recognitions, accolades and awards over their years of trade in the bakery industry. There has never been the issue of QAF Ltd losing quality control over the use of this mark, or any other mark belonging to QAF Ltd. The fact that Gardenia Bakeries is 70% owned by QAF Ltd is further cogent proof that control is retained and exercised over Gardenia Bakeries at all times.

[95] Lian Bee did not challenge QAF Ltd's evidence on oath that the Squiggles Bun produced by Gardenia Bakeries is of high quality and standard and that substantial sums of money and investment have been spent into researching and developing, maintaining and improving the quality of the Squiggles Bun.

[96] If this court were to look at the substance of the matter instead of merely the form, it would form an inescapable conclusion that the expansion of the Registered Trade Mark, together with the long line of established products under the Gardenia Bakery System, into Malaysia and its success thereto are the brainchild and efforts of QAF Ltd which were, and still are, executed and implemented physically by Gardenia Bakeries, its related company who in their own right is a reputable company in the bread-making industry in Malaysia. From the overwhelming evidence before this court, it will be hardpressed to suggest that Gardenia Bakeries have wrecked havoc over the quality of the "Squiggles" Trade Mark. On the foregoing considerations and authorities, even if there were a failure to register Gardenia Bakeries as to user, that did not destroy the validity of the "Squiggles" trade mark that has been registered in QAF Ltd's name.

[97] In the final analysis, the court finds that the "Squiggles" trade mark cannot be expunged, by the law expounded above and on the facts before this court.

Abuse Of Court Process

[98] The court is of the opinion that this expungement application was initiated by Lian Bee with an ulterior motive, and with the primary intention to frustrate QAF Ltd's various actions in preserving its Registered Trade Mark. A perusal of the relevant evidence and submissions clearly alludes to the fact that this application was initiated purely in response to the TDO Application and civil suit initiated by QAF Ltd against Lian Bee for infringement and passing off of the

Registered Trade Mark. This clearly indicates that this application is being used as but one of the many methods to resist and/or oppose QAF Ltd's *bona fide* claims against Lian Bee for infringement of its Registered Trade Mark.

[99] In this regard, reference is again made to the case of *E-Toyo (supra)* again, whereby this court had earlier stated as follows:

> … The present application was filed after the Respondents initiated a series of infringement proceedings relating to the same trade mark such as warning letters to aiders and abettors of the applicant as well as two infringement suits – namely, Guaman No: 22-517-2004 and 22-577-2004, at the Kuala Lumpur High Court Suit No: 22-517-2004 is against the applicant itself. The suits are still pending. By filing the present application the applicant has attempted to abuse the process of Court by purportedly taking an action under section 45 and section 46 of the Trade Marks Act, but a critical examination of the unproved facts of the applicant would show clearly that the applicant is claiming rights under the unregistered trade marks and trying to stop the Registered Proprietor of the trade mark "TOYO" from exercising its statutory rights against the applicant for infringement …
>
> Further:
>
> … Section 82(1) of the Trade Marks Act 1976 clearly provides that no person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark. To file the present application under the circumstances of the case clearly is an abuse of the process of Court …

[100] The owner of an unregistered trade mark's initiating of such application for expungement should be deemed as an abuse of process of the court. The proper forum for Lian Bee to pursue would be to defend the infringement suit against him rather than filing the separate application for expungement.

[101] Applying the principles underlying the above case, the court finds that this application is an abuse of process due to numerous factors which can be summed up as follows:

(a) the mark which Lian Bee relies on in order to qualify itself as being an "aggrieved person" under s. 46 TMA is in dispute and currently pending this court's finding whether it is an infringement of QAF Ltd's Registered Trade Mark; and

(b) this application was filed after QAF Ltd contacted Lian Bee to cease using the infringing mark and upon possible contemplation that legal action might follow suit from Lian Bee's refusal to comply with QAF Ltd's request.

[102] Stripped off all technicalities and forms, the heart of this proceeding is a simple case of Lian Bee abusing a process of this court as a means to resist or defeat another action filed by QAF Ltd against it. This court will not allow such abuse of process to be propagated lest it sets a precedent whereby infringers facing TDO actions and civil suits for infringement claims can readily institute separate proceedings such as the current one with the intention to frustrate, delay and/or otherwise defeat proceedings against it.

TDO Application

[103] The TDO Application is filed by both QAF Ltd and Gardenia Bakeries (as applicants) under s. 16(1)(a) of the Trade Descriptions Act 1972 (TDA) for *inter alia* an order that:

> The mark "Squiggle", a representation of which is set out at the Schedule annexed to the OS shall hereby be declared for the purpose of the Trade Descriptions Act 1972 a false trade description when used upon or in relation to bread, buns, pastry, bread rolls, confectionery, biscuits and cakes not produced and/or manufactured and/or distributed and/or offered for sale and/or sold by the Applicants or so authorized by the Applicants.

[104] Continuous use of the infringing mark on the infringing product has and will cause QAF Ltd and Gardenia Bakeries's goodwill and reputation to be injured/damaged and will continue to be injured/damaged as there could be disparity (for eg, in taste and quality) between Squiggles bun of the applicants and the infringing product. This will inevitably cause the business, reputation and goodwill of both QAF Ltd and Gardenia Bakeries to be injured/damaged. Further, the false description also deceives/confuses the public to buy the infringing products and the business of QAF Ltd and Gardenia Bakeries would be consequently affected.

[105] It was this necessity, together with Lian Bee's refusal to cease with the infringing acts, which prompted QAF Ltd and Gardenia Bakeries to initiate this TDO Application on an *ex parte* basis, as allowed under the TDA.

Lian Bee's Grounds Resisting The TDO Application

[106] Lian Bee is opposing this TDO Application based on the following grounds:

(a) that TDO is a drastic measure and draconian in terms and that the court should interpret the provisions of s. 16 of the TDA closely;

(b) that the prayers sought under this application are too vague;

(c) that this application is an abuse of court process;

(d) that Lian Bee has not committed an infringement of registered trade mark; and

(e) that Lian Bee has not committed an act of passing off a trade mark.

Requirements Under S. 16(1) Of The TDA

[107] From a reading of s. 16(1) of the TDA itself, the court finds that an applicant relying on this section must show that:

(a) he is a proprietor or registered user of a registered trade mark; and

(b) his rights in respect of such trade mark are being infringed in the course of trade.

[108] The above principle was applied in the Federal Court case of *Socooil Corporation Bhd v. Ng Foo Chong & Anor* [1980] 1 LNS 170, which was affirmed by the Privy Council (see [1984] 2 MLJ 85), which states:

> ... The learned judge accepted the submission of the respondents that under the above section any person having a registered trade mark who can show that his rights in such trade mark are being infringed in the course of trade may apply to the High Court for an order declaring that the infringing trade mark is a false trade description in its application to such goods as may be specified in the order. In other words, a person seeking to obtain an order under the said section need to show two things, namely:
>
> (a) that he is the proprietor of a registered trade mark, and
>
> (b) that some other person is infringing that registered trade mark in the course of trade ...

Registered Proprietor

[109] Earlier, in the expungement application, the court had determined that QAF Ltd. is at all material times the proprietor of the registered trade mark and Gardenia Bakeries is the registered user. Thus, the first requirement of proving proprietorship over the registered trade mark has been met.

Infringement Of Trade Mark

[110] A perusal of both parties' affidavits shows that it is undisputed that the infringing mark was being used on products of Lian Bee that were sold or distributed to the general public. As such, there is no issue

as to infringing product's existence in the course of trade. The issue left to be determined here is whether those infringing products bearing the infringing mark constitute infringement of the Registered Trade Mark within the definition of the TDA.

[111] The court is guided by the test expounded in the case of *Tan Hap & Anor. v. Liang Ann Hock* [1989] 2 CLJ 500; [1989] 2 CLJ (Rep) 552, which states:

> … The marks concerned must be considered as a whole as the true test on the totality of impression given both orally and visually is as to cause mistake, deception or confusion. *Re Bailey's Application* [1935] 52 RPC 136, *Broadhead's Application* [1950] 67 RPC 113 and *Saville Perfumery v. June Perfect* [1941] 58 RPC 149 ……
>
> … In comparing 2 trade marks, it must also be considered whether the marks suggest the same idea or lead to the goods being referred to by the same name …
>
> … Where words of 2 trade marks are compared, they must be judged by their looks and sound. In *re Application by Pianotist Company Ltd.* [1906] 23 RPC 774, *Kidax*'s case [1959] RPC 295 …

[112] Putting the above principles to the test, it is factually undisputable that QAF Ltd.'s Registered Trade Mark (Squiggles) and the infringing mark (Squiggle) are confusingly similar as:

(a) both marks are used on virtually identical products (ie, chocolate coated buns or rolls with either chocolate or strawberry cream filling);

(b) both marks are virtually identical word-wise, (ie, Squiggles and Squiggle);

(c) the pronunciation and sound of both marks are virtually identical (ie, two consonants each with similar vowel sounds);

(d) only one letter, ie, 's', is missing from the end of the infringing word mark.

[113] The above similarities, when judged by their looks and sound, do indeed suggest the same idea and leads the goods to be referred to by the same name.

Deceivingly And Confusingly Similar

[114] The similar attributes propounded above lead to the infringing mark and Registered Trade Mark being deceivingly and confusingly similar.

[115] The court finds support in this contention through the principles of comparison used in the cases of *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd* [2000] 8 CLJ 85 HC which states:

> … The question also required to be determined by this Court is whether the applicant, when applying for the TDO, had shown any material similarity between their registered trade mark and the intervenor's trade mark. Each of the two trade marks must be considered as a whole. A visual test must also be conducted. In this regard, it is appropriate to bear in mind the following covenants of Parker J in *The Pianotist Co's Application* [1906] 23 RPC 774, who cautioned: You must take the two words. You must judge them, both by their look and by their sound. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances, and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owner of the marks …

[116] The court also refers to the case of *Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd* [1997] 1 CLJ (Supp) 52 HC which states:

> … The test of resemblance between two trade marks was not whether a person would be deceived when the two marks were placed side by side. In fact, the comparison rested with his memory of the other trade mark as opposed to the one he saw before him …
>
> … Marks were remembered by general impressions or by some significant detail rather than by any photographic recollection of the whole. In this case, although there was no exact imitation, there was infringement by the use of a mark that so nearly resembled the registered mark that it was likely to deceive the customer. It was sufficient if the customer had a general impression of the trade mark that was sufficient to cause him to purchase the products of the respondent with only the memory of the applicant's elephant device. The two brands could easily be confused because they were so similar (see p 529F-1; *De Cordova v. Vick Chemical So* [1951] 68 RPC 103 followed …

[117] Applying the above test, it is very likely that the general public would assume both marks to be the same at first glance. Alternatively, another effect of this similarity would be the confusion in the minds of the public that the similar marks are somehow related/associated, where none exists. This becomes more apparent in this case as the target consumers for the Squiggles bun is children between ages 7 – 15. The minimal and insignificant differences in spelling and sound of the word mark (*Squiggles v. Squiggle*) are less likely to be distinguishable by children.

[118] Further, there are no justifications for the use of the infringing mark as: A

(a) neither word "Squiggles" or "Squiggle" are descriptive of the product (ie, bun or roll) in which they are used;

(b) neither word "Squiggles" or "Squiggle" are common word(s) used in the course of normal trade, particularly in the bakery and/or bread industry; B

(c) neither word "Squiggles" or "Squiggle" are names of places and/or people; and C

(d) the uncanny resemblance in terms of pronunciation and sound rules out the possibility of a *bona fide* or coincidental choice.

[119] In this regard, the court finds that Lian Bee's justification that the mark "Squiggle" is used to describe the squiggly lines on the bun D is convenient and self-serving. It is no sheer coincident that the Squiggles bun also had squiggly lines on them.

[120] It is clear that by producing the infringing product Lian Bee intends to ride on the goodwill and reputation on the Squiggles Bun, the Registered Trade Mark and of the applicants goodwill and reputation in E particular:

(a) Lian Bee admits that the infringing product was only produced from about November 2007 onwards. Compare this with the Squiggles bun which has been in existence since 2003. F

(b) Gardenia Bakeries is a reputable and established producer of bakery products with an almost 40-year history in Malaysia, and has a substantial sales and distribution network in Malaysia.

[121] Lian Bee could have used any other name and indeed any other G decoration or design for the infringing product, but did not. Instead, Lian Bee intentionally chose a name and decoration that is confusingly similar with the Applicant's Squiggles Bun. Bearing in mind, the use of the infringing mark is by no sheer coincidence, and clearly *mala fide*.

[122] The inescapable conclusion that can be drawn here is that the H use of "Squiggle" was a false trade description used with the intention to ride on the goodwill and reputation of the Registered Trade Mark.

[123] Based on irrefutable evidence before the court and when put through the well-settled tests above, it is an inescapable conclusion that I the infringing mark would have inevitably deceived and confused, or very likely to deceive and to confuse, the general public, especially the target consumers (ie, children), into believing that the infringing product

bearing the infringing mark is connected to or associated with the applicants' product bearing the Registered Trade Mark "Squiggles" when none exists.

Urgent Need Of TDO

[124] The product of the subject matter is a bun, which is a perishable good having a short shelf life. Thus, as long as the infringing product is still in circulation or out in the market, it continually affects QAF Ltd and Gardenia Bakeries adversely. The infringement specifically continues to injure/damage them on a daily basis, with each delay causing more of the product to go to waste.

[125] Further, as the subject matter claim is a food product, the disparity between the infringing product and the Squiggles bun is apparent instantly on the first bite. Consumers may associate the infringing product as that of the applicants. Where there is disparity in the taste or quality between the infringing product and the Squiggles bun (which is sold under the Gardenia brand), this disparity will be imputed on the reputation and goodwill of the applicants, especially Gardenia Bakeries, in respect of not only the subject matter bun, but also its other Gardenia products. With each delay, the applicants are seriously prejudiced.

[126] However, should this TDO Application be granted, QAF Ltd and Gardenia Bakeries would then be able to make an application to the relevant Ministry to conduct raids to prevent further infringement. This would prevent further injury being suffered by them.

[127] It is for this reason that necessitates the need for an urgent intervention and/or remedy, which forms the bedrock of the need of this TDO Application in the circumstance.

Abuse Of Court Process

[128] Lian Bee, in opposing this TDO Application claims that this Application is an abuse of court process by QAF Ltd and Gardenia Bakeries. Lian Bee contends that, QAF Ltd and Gardenia Bakeries (as applicants in this TDO Application) have initiated an action against Lian Bee in the Kuala Lumpur High Court Civil Suit No: D5(IP) 22-645-2008 based on the allegation of trade mark infringement and passing off and the subject matter in that proceeding involves the same registered trade mark and the infringing mark. Lian Bee argues that a person seeking an order under s. 16(1) of TDA must establish that the other party has infringed his trade mark or he has a right of action for passing off.

[129] The court cannot agree with Lian Bee on this issue. In the present case, the court finds that this TDO Application does not constitute an above of court process. The authorities cited by Lian Bee in support of such allegation, ie, *Jasa Keramat Sdn Bd v. Monatech (M) Sdn Bhd* [1999] 4 CLJ 533 and *Hussain Khamis v. Aishah Arof* [1996] 2 BLJ 351, are cases whereby multiplicity of actions were filed to obtain essentially similar reliefs.

[130] This is not the case here. The TDO is a *quasi*-criminal type of relief made available through the TDA whereby registered owners of registered trade marks may seek to immediately prevent their registered trade mark from further infringement by getting the court to declare an infringing mark as a false trade description. Its purpose is for the speedy prevention of further damage that may be caused by the presence of the product carrying the false trade description being in the market. The enforcement of this order is done not by the applicant but by raids conducted by officers from the Enforcement Division of the Ministry of Domestic Trade and Consumers Affairs to seize the products bearing the false trade description. Such relief benefits not only the applicants but also the public at large from being deceived further by the product carrying the false trade description.

[131] The civil suit, on the hand, is the method by which the registered owner or common law owner of a trade mark can seek damages for the injury occasioned by an infringement or passing off of the trade mark under the TMA and common law. The reliefs that could be obtained here are *inter alia* injunctory orders (to prevent further infringement), delivery up, accounts of profit and/or damages, both liquidated and unliquidated. These reliefs are civil in nature.

[132] The only similarity between the TDO and the civil suit lies in the legal requirements needed to be fulfilled to prove *inter alia* ownership of the mark and the subsequent infringement complained of. However, the end results are not similar and the purpose of both actions (as discussed above) can be very different. The TDO does not provide the applicants with monetary compensation by way of damages while the civil action does not provide a quick and definite declaration of the applicants rights and an avenue to lodge a complaint to the Ministry of Domestic Trade and Consumers Affairs.

[133] There is no duplicity of action here as the TDO seeks merely for the court to declare that the respondent's mark is a false trade description (declaratory relief) to be pursued by enforcement by way of raids whilst the civil action is a way for the applicants to claim damages caused by the infringement and passing off of the applicants' registered trade mark (monetary relief).

[134] The applicants are at liberty to pursue both the TDO and civil actions concurrently and/or whatever manner they deem fit.

Intervener's Application

[135] *Vide* encl. 5 (D5(IP) 24-94-08) Lian Bee is applying for leave to be allowed to intervene in the TDO Application under O. 15, r. 6(2)(b)(ii) of the Rules of the High Court 1980 (RHC). Lian Bee gave numerous grounds in support of why it should be given leave to intervene in the said TDO Application.

[136] It is *Lian Bee*'s case that it is the common law owner of the mark "Squiggle", the infringing mark which is the subject matter of the TDO Application and therefore, any order granted pursuant to the application would have a direct bearing on them. This gives rise to Lian Bee alleging that it has legal interest in this application.

[137] The court disagrees with the above contention and finds that TDO application can still be obtained on an *ex parte* basis even if the identity of the infringer is known.

[138] A glance at well-known TDO cases would show that all of them were granted upon *ex parte* applications. (see: *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd* [2000] 8 CLJ 85, *Tan Hap & Anor. v. Liang Ann Hock* [1989] 2 CLJ 500; [1989] 2 CLJ (Rep) 552 dan *Socooil Corporation Bhd v. Ng Foo Chong & Anor* [1980] 1 LNS 170).

[139] In *Cho Heng Rice Vermicelli Factory Co Ltd v. Rifetra Sdn Bhd* (*supra*), the court states that:

> … An applicant for TDO who with full knowledge of the identity of the infringer, yet nevertheless obtained such order without making the infringer a party, did so at his own peril *vis-a-vis* a claim for damages suffered by the alleged infringer upon proof of no infringement (see pp. 253G-I and 254C); *Broadhead's Application* [1950] 67 RPC 209, *The Pianotist Co's Application* [1960] 23 RPC 774 and *Re Chan Kuan Sang* [1993] AIPR 360 followed …" In that case, the identity of the infringer, who had solicitors on record for them, was known to the applicant.

[140] The court is of the view that there are no requirements that such an application must be made *inter partes*. Section 16 of the TDA expressly provides for the application to be made *ex parte*, whether or not the infringer is known. See *Hu Kim Ai (Trading as Geneve Timepiece) & Anor v. Liew Yew Thoong (Trading as Crystal Hour)* [2004] 7 MLJ 590, where it was held that:

> … It is now well settled that under the Act, the Applicants can elect to proceed *ex parte* or *inter partes* and that a Court is not *functus officio* to review a TDO order granted *ex parte* though perfected (*NV Sumatra Tobacco Trading Co v. PT Sampoerna JL Sdn Bhd* [1997] 3 CLJ 946 at p 955; *Socoil Corporation Bhd v. Ng Foo Chong* [1981] 2 MLJ 7 at p 9; and *Muniandy a/l Thamba Kaundan & Anor v. Development & Commercial Bank Bhd & Anor* [1996] 1 AMR 908) …

[141] The above suggests that since the court can still review its grant of a TDO at a later stage, eg, by way of granting a subsequent application to set aside the same, therefore there are no reasons as to why an applicant may not elect for the application to be heard *ex parte*.

[142] With reference to the locus classicus for TDO actions, *Socooil Corporation Bhd v. Ng Foo Chong & Anor* (*supra*), the court finds a similar stand taken. In that case, the court held:

> … Also, there is nothing requiring respondents to serve any paper on any affected person. Further, neither section 16 nor any other section requires the hearing to be *inter partes*. Of course, the Court may, in the exercise of their inherent jurisdiction, direct the papers to be served on an interested or affected party …

[143] Based on the strength of the above cases, and the court's own understanding of the provisions of s. 16(1) of the TDA, the court maintains that the TDO Application can still be heard *ex parte* without Lian Bee being named a party to the suit.

[144] Nevertheless, throughout the proceedings, Lian Bee is essentially already a party to this action. This application has now been converted to an *inter partes* hearing. Lian Bee has essentially been given the right to resist this application and to submit any decision on the application by this court would be granted upon having considered Lian Bee's resistance of the same as well.

[145] The application for leave to intervene by Lian Bee was filed when this TDO Application was fixed to be heard *ex parte* and when Lian Bee had yet to come in the picture. Since then, circumstances have changed in that the obtaining of such leave to intervene would be redundant as Lian Bee's affidavits in opposition to the TDO Application and its submissions in respect of the same have indeed been filed and allowed into court.

A

Conclusion

[146] On the above considerations and for the reasons stated, the court makes the following determinations, namely:

B

(a) that the expungement application (encl. 1 of D5 (IP) 25-7-08) is dismissed with costs;

(b) that the TDO Application (encl. 1 of D5 (IP) 24-94-08 is allowed with costs to be paid by Lian Bee to QAF Ltd and Gardenia Bakeries; and

C

(c) that the intervener's application (encl. 5 of D5 (IP) 24-94-08) is dismissed with costs.

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